Highlights from OECD *Innovation Indicators* 2019

The OECD 2019 edition of *Innovation Indicators* is a compendium of indicators on business innovation across 39 OECD member countries and partner economies. Published on 29th January 2020, *Innovation Indicators* is based on data collected by national statistical offices under the guidelines of the OECD/Eurostat *Oslo Manual*. The latest release provides information on the extent to which firms have been implementing new or improved products and business processes; their degree of novelty and economic significance; the investment and collaboration activities incurred as part of these efforts; and the role of markets and dedicated government support in different countries.

**How do firms innovate across the world?**

**Innovative firms, 2014-2016**

Firms reporting one or more innovation in the reference period

![Innovative firms and employment graph](image)


The country-level results provide an aggregate picture of innovation performance that combines high- and low-performing companies in different industries:

- Innovation efforts and outputs exhibit a significant degree of concentration, as larger firms tend to be more innovative. In the median OECD country, 53% of firms introduced a new product or business process in 2014-16. These innovative firms accounted for 70% of business sector employment.
- Companies tend to introduce more than one type of innovation in a given period, transforming both the products (goods and services) they deliver and the way they operate and organise themselves to deliver them (business processes).
- Much reported innovation does not require firms to perform R&D themselves or ultimately leads to requests for formal intellectual property protection.
- Only a fraction of firms adopt innovations that are new to their markets, as diffusion of innovations previously developed by others accounts for a significant part of reported innovations.
- The *Innovation Indicators* also show that support and demand conditions for innovation matter. For example, firms that are active in the international markets are more likely to be innovative, and vice versa. Public support for innovation is mostly concentrated among firms that carry out R&D. In the median OECD country, 36% of R&D performing firms and 13% of non-R&D performing firms that undertake other types of innovation activities receive public support for innovation.
Innovation is not exclusive to manufacturing, ICT industries or those employing high number of scientists like the pharmaceutical industry. However, there are very significant differences in the rate of innovation across sectors within the major world economies, suggesting there might be potential for both radical innovation and greater diffusion that lead to productivity growth.

**Innovation-active firms, 2014-2016**

As a percentage of total firms within each industry

![Graph showing innovation-active firms, 2014-2016](chart.png)


**How is business innovation measured and internationally comparable are survey-based innovation indicators?**

The OECD/Eurostat Oslo Manual provides guidelines for collecting and interpreting data on innovation to facilitate international comparability and promote research and experimentation on innovation measurement. The 2018 edition of the Oslo Manual identifies two types of innovation for firms:

- **Product innovation** refers to “a new or improved good or service that differs significantly from the firm’s previous goods or services and that has been introduced on the market”. This includes significant improvements to one or more characteristics or performance specifications, such as quality, technical specifications, user friendliness or usability.

- **Business process innovation** refers to “a new or improved business process for one or more business functions that differs significantly from the firm’s previous business processes and that has been brought into use in the firm”. This includes the various functions within a firm, such as the production of goods or services, distribution and logistics, marketing and sales, information and communication systems, and administration and management.

While international comparisons of innovation statistics are highly sensitive to differences in survey design and implementation practices, the 2019 edition of OECD Innovation Indicators reflects a significant convergence in practices among some of the larger OECD economies. Quantitative results relating to the amount of innovation expenditures and the value of turnover from new or improved products should be treated with special caution, as many firms do not yet keep such financial records.

Find out more about the OECD Innovation Indicators Database: [http://oe.cd/inno-stats](http://oe.cd/inno-stats)

Contact: Michela BELLO, E-mail: innostats@oecd.org